

FINAL BILL REPORT

SB 6201

C 91 L 14
Synopsis as Enacted

Brief Description: Creating an optional life annuity benefit for plan 2 members of the law enforcement officers' and firefighters' retirement system.

Sponsors: Senators Hasegawa, Kohl-Welles, Chase and Conway; by request of LEOFF Plan 2 Retirement Board.

Senate Committee on Ways & Means
House Committee on Appropriations

Background: Members of Plan 2 of the Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF 2) are eligible for a retirement allowance at age 53 that is equal to 2 percent times the member's years of service times the member's average final compensation. Members of LEOFF 2, the Teachers Retirement System (TRS), Public Employees Retirement System (PERS), School Employees Retirement System (SERS), and Public Safety Employees Retirement System (PSERS) may add up to five years of service credit for the calculation of their retirement allowance by paying the actuarial equivalent value of the increase in the member's benefit. Subject to rules adopted by the Department of Retirement Systems (DRS), the payment can be made with a lump sum payment, with an eligible or direct rollover, or a trustee-to-trustee transfer from an eligible retirement plan.

Many members of LEOFF 2, TRS, PERS, SERS, and PSERS also participate in employer-sponsored tax-deferred savings plans established under sections 401(a), 403(b), and 457 of the federal Internal Revenue Code. Members of Plan 3 of TRS, PERS, and SERS may convert some or all of the funds in their member accounts to a life annuity administered by DRS.

Summary: Members of LEOFF 2 may purchase an optional actuarially equivalent life annuity from the LEOFF 2 fund with a minimum payment of \$25,000. The payment may be made through an eligible or direct rollover, or trustee-to-trustee transfer from a tax-qualified plan offered by a governmental employer.

DRS must adopt rules regarding eligible rollovers and transfers to ensure they comply with federal requirements and that the rollovers and transfers are conditioned on the receipt of information needed by DRS to determine their eligibility for tax-free treatment under federal tax law.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Votes on Final Passage:

Senate 47 0

House 94 0

Effective: June 12, 2014